



SUPER
MEMBERS
COUNCIL

Super Policy Priorities

2025



Strengthening Australia's super system

Super now supports millions of everyday Australians to retire with more income, dignity and freedom.

Before Australia's modern super system was created, most people survived on just the age pension in retirement.

Today, nine in ten Australian workers have super – and a typical Australian now reaches retirement with around \$200,000. An average 30-year-old today is forecast to have \$500,000 as they retire.

Super now pays out twice as much each year in income as the age pension, significantly lifting living standards and cutting costs for taxpayers. The share of Australians who now need to rely on any age pension at all when they turn 67 has fallen from 71% in 2003 to 39% in 2023.

Australia's modern super system was created in 1992 with introduction of the Superannuation Guarantee. It established a minimum, near-universal, employment entitlement to super.

At the heart of the system was a bargain: a portion of workers savings would be set aside for their future, in exchange for a lower tax rate on their retirement savings.

Since then, successive Australian Governments have continued super's evolution, extending its effectiveness and efficiency, making it fairer, and adding greater consumer protections. Successive governments have also remained committed to the system's fundamentals: a compulsory and universal system with savings preserved until retirement.

Through super, everyone shares in the income generated by Australian and global businesses and investments, not just the wealthy. Due to its scale and long-term investment time frames, super has been able to deliver strong investment returns for everyday Australians, create new jobs and build new houses for Australians to buy.

As with all intergenerational policies, super must continue to be strengthened. We must ensure the system is fair, that it is stable, and that it delivers on its promise to Australians. Super is Australians' money for their retirement – they rightly expect and deserve the highest standards of service from their funds and their service providers.

About this document

This document sets out the Super Member Council's key policy priorities to further strengthen the super system and ensure it continues to deliver strong financial security to Australians in retirement.

About the Super Members Council

The Super Members Council (SMC) is a strong voice advocating for more than 11 million Australians with over \$1.5 trillion in retirement savings managed by profit-to-member super funds. Our purpose is to protect and advance the interests of super fund members throughout their lives, advocating on their behalf to ensure super policy is stable, effective, and equitable.

SMC produces rigorous research and analysis and works with all Parliamentarians to advocate for good superannuation policy for the betterment of all Australians.



76% of Australians say superannuation helps them feel more confident in their financial wellbeing.

Source: Pyxis survey, July 2024



At a glance: SMC's Super Policy Priorities 2025



No changes to super system fundamentals

1. No changes to the principles of preservation, universality and compulsion, which protect the super of millions of everyday Australians.
2. Fix unpaid super, which costs 2.8 million Australians \$5 billion a year.
3. Stick to the promised 2025 rise in the super rate to 12%.



Improve the experiences of super members during work and retirement

4. Help Australians to get an even clearer picture of what their retirement could look like.
5. Let retirees pay super into retirement-phase super accounts.
6. Expand financial advice so Australians can get the retirement information they need.
7. Digitise binding death nominations and standardise death certificate and proof of identity processes, to speed up death benefit payments.
8. Better integrate super funds with key government agencies to speed up hardship applications.



Make super even fairer for everyone

9. End age discrimination by paying super to all workers under age 18.
10. Lift the Low-Income Super Tax Offset so 1.2 million workers on lower incomes get a fairer super tax cut.
11. Reform the law so family violence perpetrators can't inherit their victim's super.
12. Improve equity for Aboriginal and Torres Strait Islander people including by recognising kinship structures and making ID requirements simpler.



About Australia's super system



1

Australians have

\$4.1 trillion in retirement savings and growing.

Source: APRA, Nov 2024

2

Age pension expenditure

2.5% GDP in FY2024/25

↓ **2% by 2060**

This means \$500 billion dollars freed up from the federal budget, over the period to 2060.

Source: 2023 Intergenerational Report, SMC analysis

3

Super now pays out **twice** the age pension each year in retirement benefits (\$103.6 billion v \$54.7 billion)...and growing.

Source: APRA Annual Superannuation Bulletin, June 2023 and Department of Social Services Annual Report 2022–23

4

Employees being paid super has grown from about

30% in the mid 1970s to **90%** today.

Source: Retirement Income Review - Final Report

5

Global leader

Australia has one of the best pension systems in the world – ranking in the top ten out of 47.

- | | |
|----------------|--------------|
| 1. Netherlands | 6. Australia |
| 2. Iceland | 7. Finland |
| 3. Denmark | 8. Norway |
| 4. Israel | 9. Chile |
| 5. Singapore | 10. Sweden |

Source: Mercer CFA Institute Global Pension Index 2024

6

A long-term

investment horizon means patient, long term capital that delivers stronger investment returns for all Australians with super.

7

Today's 30 year olds can expect to have

\$500,000 in super at retirement.

Source: SMC modelling

8

In the next five years, super funds are projected to invest a further

\$200 billion

in Australian businesses and infrastructure.

Source: SMC analysis

9

Those earning the minimum wage can expect to retire with an income **35% above the age pension** as a result of super contributions during their working life.

Source: SMC modelling

No changes to super system fundamentals



Policy ask 1

No changes to super's fundamentals: preservation, universality and compulsion.

Three key principles keep super strong for over 17 million Australians. **Universality** ensures all Australian workers build savings for retirement. **Preservation** ensures super stays saved until we reach retirement. And **Compulsion** ensures our retirement savings are paid automatically as a legal right.

Together, these core principles ensure Australians have more savings at retirement, while cutting costs for all taxpayers by reducing reliance on the age pension as our population ages.

Any policy proposals that undermine these principles will undermine Australians' retirement savings, leave Australians poorer in retirement, and hand a large bill to all Australian taxpayers.



Source: SMC modelling

Policy ask 2

Fix unpaid super.

Millions of Australians are being short-changed on super – not getting paid some or all their super.

The Australian Government has committed to introduce a payday super scheme, but legislation must be passed to make it a reality.

What needs to happen now?

1. Implement payday super in full and on time, with strong legislation requiring super to be paid on paydays.
2. Strengthen unpaid super enforcement by setting ambitious ATO targets for proactive recovery, stronger penalties and full use of the ATO's digital capabilities.
3. Extend the Fair Entitlements Guarantee to include super in the workers compensation scheme, so when businesses go bankrupt, workers get the super they are legally entitled to.

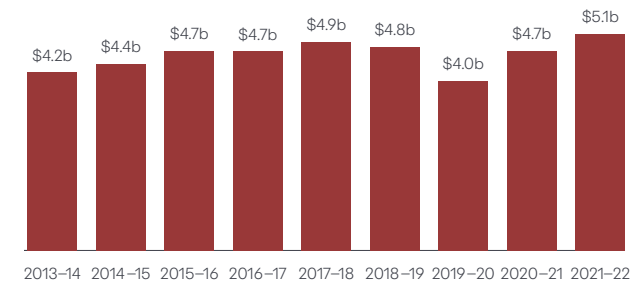


Figure 1. Total amount of unpaid super by financial year.

Source: SMC analysis of ATO 2 per cent sample file, 2013-14 to 2021-22

Case study:

A 30 year old who withdraws \$20,000 during the COVID early release scheme, can expect to retire with around \$93,000 less in super, with taxpayers picking up the tab for higher pension payments. For every \$1 taken out early from super, the taxpayer contributes up to \$2.25 extra via the age pension.



No changes to super system fundamentals

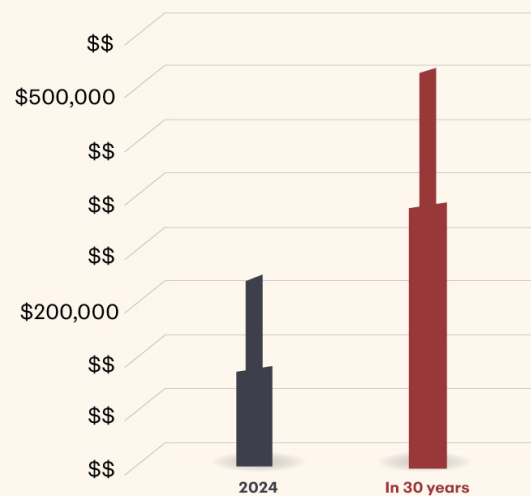
Policy ask 3

Stick to the promised increase in the super rate to 12% by 2025.

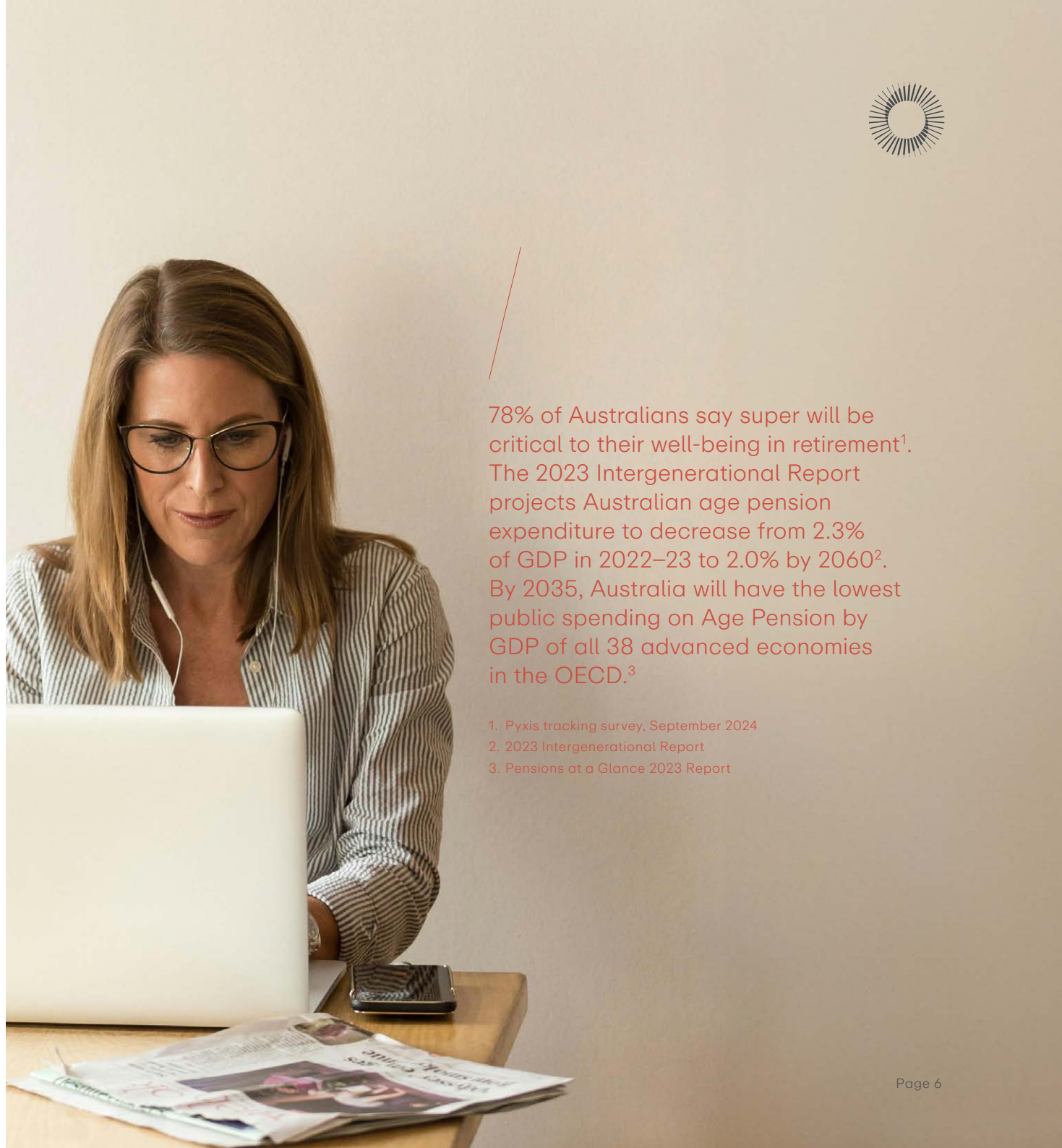
The super rate will rise to 12% by 2025, adding further savings to the retirement balances of working Australians who need them most. This rise has already been legislated.

More super saved means less reliance on the age pension, cutting costs for taxpayers.

The median super balance is growing.



Source: SMC analysis of ATO 2 per cent sample file 2021–22 and SMC modelling



78% of Australians say super will be critical to their well-being in retirement¹. The 2023 Intergenerational Report projects Australian age pension expenditure to decrease from 2.3% of GDP in 2022–23 to 2.0% by 2060². By 2035, Australia will have the lowest public spending on Age Pension by GDP of all 38 advanced economies in the OECD.³

- 1. Pyxis tracking survey, September 2024
- 2. 2023 Intergenerational Report
- 3. Pensions at a Glance 2023 Report



Improve the experiences of super members during work and retirement

Policy ask 4

Help Australians to get an even clearer picture of what their retirement could look like.

Planning for retirement is more difficult if Australians can't get a realistic picture of their financial future.

That's why retirement planning tools like simple advice from a super fund and online calculators should be able to factor in individual choices and circumstances.

To help Australians plan with confidence, super funds should be able to help their members know if they will likely get the age pension or other government benefits and ask whether they own or rent a home.

To deliver this, Government agencies should share information on the age pension and other government support payments with super funds.

Finally, super funds should be able to give Australians a retirement income estimate when they want one – not just once a year.



Policy ask 5

Let retirees pay super into retirement-phase super accounts.

Managing super at retirement has been made more complicated by out-of-date rules that stop retirees from paying contributions into their retirement-phase accounts.

Retirees who do occasional paid work while in retirement — a significant proportion of retirees — are forced to have two super accounts: one to accept contributions and one to draw an income.

Making this change would remove duplicate fees for about 100,000 retirees, slashing red tape and save retirees time and hassle.

Policy ask 6

Expand financial advice so Australians can get the retirement information they need.

Super funds are there to help members transition to retirement with simple, affordable and accessible advice.

By passing the planned financial advice reforms, millions of Australians will get more access to simple financial advice, with strong consumer protections.

Australians approaching retirement want more information and advice: 73% of super fund members would trust advice from their super funds if it were specifically tailored to their circumstances.

Source: Pyxis Polling and Insights, October 2024

Improve the experiences of super members during work and in retirement



Policy ask 7

Digitise binding death nominations and standardise death certificate and proof of identify processes, to speed up death benefit payments.

Many insurance and death benefit claims can be relatively straightforward to resolve. However, complex claims – like cases with multiple death benefit claimants, or where a person has a complex relationship history, or when someone leaves no binding death nominations – make the administration of death benefit claims by trustees more difficult and more time consuming.

Two simple improvements could help:

1. Create a simple digital binding death nomination form that would eliminate the need to submit hard copy forms with dual signatures from two witnesses.
2. Ensure all ID documents issued by States and Territories are included in the Government's digital verification service, and that the detail on death certificates is enough to process claims.

Policy ask 8

Better integrate super funds with key government agencies to speed up hardship applications.

Super fund members are only legally allowed to apply for financial hardship payments from super once a year. However, funds only have visibility of payments made from their own fund.

Better integration with the ATO to enable look-through visibility to members' past engagements with the super system would help speed up the early release applications.





Make super fairer

Policy ask 9

End age discrimination by paying super to all workers under age 18.

Over 90% of people under 18 with a job are not required to be paid super because they work less than 30 hours a week. That’s a lot of young people missing out and a poor introduction to Australia’s world-class super system.

Ending this exclusion would see a typical teenager who works for at least two years benefit from almost \$2,200 in their super account by the time they turn 18. This is projected to grow to almost \$10,000 (in today’s dollars) as they reach retirement age.

It would also make paying super simpler for business, ending the need to monitor eligibility.

Hours per week usually worked, U18s

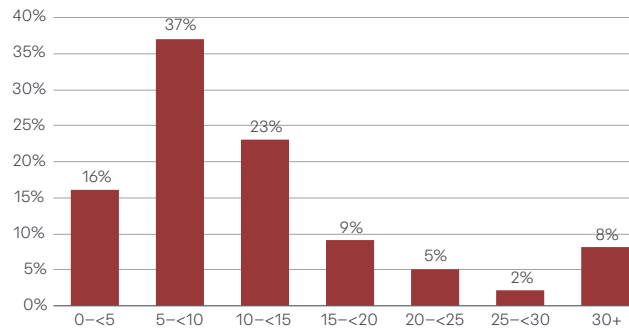


Figure 2. Most U18s work less than 30 hours per week.

Source: HILDA Survey waves 17 to 21.

4. SMC research

Policy ask 10

Lift the Low-Income Super Tax Offset (LISTO) so workers on lower incomes get a fairer super tax cut.

The LISTO was designed to ensure lower-income earners got a fair deal and were not paying too much tax.

But LISTO rules haven’t kept up to date with other tax and super changes, so about 1.2 million low-income Australians (60% of whom are women) are not getting the tax benefit originally intended.

Eligibility for the LISTO should be expanded to low-income workers earning \$37,000 to \$45,000 (who are currently missing out) and the rebate should be lifted from \$500 to \$810.

Lifting LISTO would mean women in the lowest 20% of wage earners would have an estimated 11% boost in their super balance at retirement⁴. Women currently approach retirement with 25% less super than men.

Policy ask 11

Reform laws so family violence perpetrators can’t inherit their victim’s super.

Family violence perpetrators can currently inherit their victim’s super death benefits, even when they have been convicted of family violence crimes, or in cases where there was a long history of abuse.

Perpetrators should not profit from their crimes. The law needs to be reformed so super fund trustees can withhold death benefits in substantiated cases of family violence – and pay the money instead to the victim’s grieving family.

Make super fairer

Policy ask 12

Improve equity for Aboriginal and Torres Strait Islander people including by recognising kinship structures and making ID requirements simpler.

In Aboriginal and Torres Strait Islander communities, kinship systems structure people's relationships, obligations and behaviours towards each other. This includes who will look after children if a parent dies and who will care for the sick and old.

While work continues to eliminate inequality in super, recognising kinship structures would ensure Aboriginal and Torres Strait Islander people's death benefits can be paid in accordance with a person's wishes to their family by kinship, and without incurring a tax penalty.

Making identification requirements simpler and consistent across superannuation would greatly assist Aboriginal and Torres Strait Islander peoples to access their superannuation, insurance and death benefits.





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